




**State of Tennessee
Department of Finance and Administration
Bureau of TennCare
310 Great Circle Road
Nashville, TN 37243**

Phil Bredeesen
Governor

M.D. Goetz, Jr.
Commissioner

Date: April 27, 2006

To: Intermediate Care Nursing Facilities (Level 1)
Skilled Care Facilities (Level 2)

From:  Steven G. Hopper
Chief of LTC Operations

RE: Medicare Part D Drugs for Adults

There has been some confusion on whether or not Medicaid programs are required to cover drugs not on the Medicare Part D formulary and whether or not prescription drugs can be submitted as Item D deductions to patient income. Hopefully, the following information will provide clarity on this issue.

TennCare no longer provides any pharmaceutical benefits for adults who have Medicare Part D. These individuals now receive all medications through Part D. However, if the Medicare eligible person is a resident of a nursing home, medically necessary medications must be provided, even though they may not be covered by Medicare or by TennCare. In such cases, the nursing facility may Item D the costs of these drugs if the patient has sufficient income to cover the medication costs. If the patient lacks sufficient income to Item D the drugs, the Centers for Medicare and Medicaid Services (CMS) has instructed that the nursing facility must provide the drug at its expense. In such cases, the facility will be allowed to include the costs of such drugs in their cost reports.

In many cases the use of medications not covered by Part D, such as the benzodiazepines, would not be considered medically necessary. TennCare urges you to reconsider the broad use of these medications as the medical literature is quite clear that these medications should be used with great caution in the elderly.

If you have questions about Medicare Part D coverage, please contact the Medicare program at 1-800-MEDICARE (1-800-633-4227) or www.medicare.gov/.